

## Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CIAE-00 COME-00 INR-10

NSAE-00 RSC-01 SPC-03 STR-08 TRSE-00 CIEP-02 OMB-01

L-03 SS-20 NSC-07 TAR-02 CEA-02 DRC-01 /108 W

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R 191115Z MAR 74

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 2309

C O N F I D E N T I A L BRASILIA 1842

PASS TREASURY

E.O. 11652: GDS

TAGS: EFIN BR

SUBJ: SHOES - COUNTERVAILING DUTY ACTION

REF: BRASILIA 1783

1. IN SOCIAL CONTACTS OVER WEEKEND, BOTH GOLBERY, CHIEF, CIVIL HOUSEHOLD OF PRESIDENT, AND SIMONSEN, FINANCE MINISTER, RAISED WITH EMBOFFS THE QUESTION OF US COUNTERVAILING DUTY INVESTIGATION ON SHOES.

2. GOLBERY SAID HE HAD INFORMED THE PRESIDENT THAT HE WOULD RAISE THE SUBJECT OF US COUNTERVAILING DUTY ACTION ON SHOES WITH EMBOFF. HE DESCRIBED THE PRESIDENT AS "VERY UPSET" AND AS CONSIDERING THE MATTER AN UN-FRIENDLY ACT" SINCE THE PROCEEDINGS WERE INITIATED AT THE START OF THE GEISEL ADMINISTRATION. GOLBERY URGED US TO BE UNDERSTANDING, NOTING THAT THE US ACTION ATTACKED THE HEART OF BRAZIL'S EXPORT EXPANSION PROGRAM.

3. GOLBERY BROUGHT EMBOFF TO FINANCE MINISTER SIMONSEN WITH THE REQUEST THAT PROBLEM BE DISCUSSED. FINMIN SAID HE WOULD TAKE UP ISSUE WITH SECRETARY SCHULTZ DURING VISIT AT END OF MONTH, THAT HE DID  
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NOT BELIEVE US HAD A CLEAR UNDERSTANDING OF BRAZILIAN

GOVERNMENT EXPORT INCENTIVE PROGRAM, AND THAT HE WOULD WELCOME VISIT BY US OFFICIALS TO DETERMINE FACTS. PRESIDENT OF CENTRAL BANK, PAULO LIRA, AND PRESIDENT OF BANK OF BRAZIL ALSO PRESENT. FINMIN ASKED PAULO LIRA TO FOLLOW THROUGH TO TRY TO RESOLVE PROBLEM.

4. IN AN AMICABLE CONVERSATION WITH AN EMBOFF, FINMIN SIMONSEN SATED THAT HE WAS VERY CONFIDENT HE COULD SETTLE THE COUNTERVAILING DUTY ISSUE PROMPTLY. HE PLANNED TO DISCUSS THIS ITEM WITH SEC SCHULTZ AND WITH US TREASURY TEAM. IT WAS HIS VIEW THAT VIRTUALLY NONE OF THE BRAZILIAN EXPORT INCENTIVES ARE INCONSISTENT WITH THE GATT. HE ALSO MADE THE POINT THAT BRAZILIAN SHOE EXPORTS TO THE US WERE A MINISCULE PORTION OF THE US MARKET IN COMPARISON WITH EUROPEAN EXPORTS. HE STATED THAT HE UNDERSTOOD PERFECTLY THE NECESSITY FOR ANNOUNCEMENT ON COUNTERVAILING DUTIES AND WAS NOT DISTURBED AT ALL ABOUT OUR PROCEDURES ALTHOUGH HE THOUGHT THE TIMING WAS UNFORTUNATE FOR US COMING DIRECTLY AFTER SEC KISSINGER'S STATEMENTS AT THE MFM IN MEXICO. HE READILY ADMITTED THAT PART OF THE BLAME FOR THE ANNOUNCEMENT COULD BE ATTRIBUTED TO LACK OF ACTION ON THE PART OF THE FOREIGN AND FINANCE MINISTRIES OF MEDICI GOVERNMENT BUT, COMING AT THE END OF THE ADMINISTRATION, "THOSE BOYS WERE SIMPLY NOT PREPARED TO HANDLE ANYTHING."  
CRIMMINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, COUNTERVAILING DUTIES, SHOES, EXPORT SUBSIDIES  
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**Copy:** SINGLE  
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**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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**Reference:** BRASILIA 1783  
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**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 09 SEP 2002  
**Review Event:**  
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**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Subject:** SHOES - COUNTERVAILING DUTY ACTION  
**TAGS:** EFIN, BR, US  
**To:** STATE  
**Type:** TE  
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